

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NSE.IT LIMITED

Report on the financial statements

We have audited the accompanying financial statements of **NSE.IT LIMITED** ("the company"), which comprise the balance sheet as at 31 March 2015, the statement of profit and loss, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by company's directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at 31st March 2015, and its **profit** and its cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- c) The balance sheet, statement of profit and loss, and cash flow statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to our best of our information and according to the explanations given to us :
- i. The company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 21 (iv) to the financial statements.
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company.

For Gokhale & Sathe
Chartered Accountants
Firm Reg. No.: 103264W

Kedar A Mehendale
Partner
Membership No 116065

Place: Mumbai
Date:

KAM
10/04/15

NSE.IT (US) INC.

BALANCE SHEET AS AT 31ST MARCH 2015

Particulars	Note No.	As at	As at
		31-Mar-2015	31-Mar-2014
		US \$	US \$
I. Equity and Liabilities			
(1) Shareholders' Funds			
(a) Share Capital	4	1,000,000	1,000,000
(b) Reserves and surplus	5	(962,391)	(1,020,124)
(2) Share application money pending allotment		-	-
(3) Non-current liabilities			
(a) Long-term provisions		-	-
(4) Current liabilities			
(a) Trade payables	6	626,846	847,146
(b) Other current liabilities	6	3,751	8,283
(c) Short-term provisions	7	113,687	14,428
Total		781,893	849,733
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	-	-
(ii) Intangible assets		-	-
(b) Long-term loans and advances	8	3,622	3,500
(c) Other non-current assets		-	-
(2) Current Assets			
(a) Trade receivables	9	255,183	345,112
(b) Cash and bank balances	12	393,811	498,006
(c) Short-term loans and advances	8	530	390
(d) Other current assets	10	128,747	2,725
Total		781,893	849,733
Significant Accounting Policies	1		

The accompanying notes are an integral part of the financial statements

For NSE.IT (US) Inc.

Date : 10th April 2015



N. MURALIDHARAN
Director

NSE.IT (US) INC.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015

S.No	Particulars	Note No.	For the year ended	For the year ended
			31-Mar-2015	31-Mar-2014
			US \$	US \$
I.	Revenue from operations	13	1,692,067	1,504,990
II.	Other income	14	4,521	113
III.	Total Revenue (I + II)		1,696,588	1,505,103
IV.	Expenses:			
	Employee benefits expense	15	213,675	359,946
	Depreciation and amortisation expense	11	-	-
	Other expenses	16	1,422,714	1,237,698
	Total expenses		1,636,389	1,597,644
V.	Profit before exceptional and extraordinary items and tax (III-IV)		60,199	(92,541)
VI.	Exceptional items		-	-
VII.	Profit before extraordinary items and tax (V - VI)		60,199	(92,541)
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII - VIII)		60,199	(92,541)
X.	Tax expenses:	17		
	(1) Current tax		2,466	2,000
	(2) Deferred tax		-	-
XI.	Profit/(Loss) for the period from continuing operations (IX - X)		57,733	(94,541)
XII.	Profit/(Loss) from discontinuing operations		-	-
XIII.	Profit/(Loss) for the year (XI + XII)		57,733	(94,541)
XIV.	Earnings per equity share:			
	(1) Basic		0.06	(0.16)
	(2) Diluted		0.06	(0.16)
	Significant Accounting Policies	1		

Date : 10th April 2015



For NSE.IT (US) Inc.

N. MURALIDARAN
Director

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NSE.IT (US) INC.

Cash Flow Statement for the year ended March 31, 2015

	Year ended 31-March-2015 (US \$)	Year ended 31-March-2014 (US \$)
A CASH FLOW FROM OPERATING ACTIVITIES		
<i>Net Profit before tax</i>	60,199	(92,541)
<i>Add : Adjustments for</i>		
Depreciation	-	-
Operating profit before working Capital Change	60,199	(92,541)
<i>Change in Working Capital</i>		
Decrease / (Increase) in Sundry Debtors	89,929	(46,946)
Decrease / (Increase) in Loans & Advances	(126,284)	-
(Decrease) / Increase in Current Liabilities & Prov	(125,573)	(565,735)
Cash Generated from Operations	(101,729)	(705,222)
Direct Taxes Paid (Net of Refunds)	2,466	-
Net Cash from Operating Activities- Total (A)	(104,195)	(705,222)
B CASH FLOW FROM INVESTING ACTIVITIES		
Addition to Equity Share Capital	-	500,000
Addition to fixed assets (net)	-	-
Cash flow from investing activity - Total (B)	-	500,000
C CASH FROM FINANCING ACTIVITY		
Dividend Paid	-	-
	-	-
	-	-
NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENT	(104,195)	(205,222)
Opening balance of Cash & Cash Equivalent	498,006	703,228
Closing balances of Cash & Cash Equivalent	393,811	498,006
NET INCREASE/ (DECREASE) IN CASH & CASH EQUIVALENT	(104,195)	(205,222)

Notes to Cash flow statement

Cash and cash equivalent represent bank balances.

The above cash flow has been prepared under the "Indirect method" as set out in the Accounting Standard -3

Date : 10th April 2015



For NSE.IT (US) Inc.

N. Muralidaran
N. MURALIDARAN
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

NOTE 1: COMPANY PROFILE

The following is a brief profile of the business:

A: The business is a corporation.

B: The business's main source of revenue is from software development and maintenance services.

NOTE 2: ACCOUNTING POLICY

The corporation uses the accrual method of accounting, which is the method of recording transactions, by which revenue and expenses are reflected in the accounts in the period which they are considered to be earned and incurred, respectively, whether or not such transactions have been finally settled by receipt or payment of cash or its equivalent. Also, depreciation expense is computed and recorded in the business's financial statements in accordance with the Internal Revenue Code, which may result in material differences from depreciation computed using useful lives.

NOTE 3: METHOD OF DEPRECIATION

The business uses the methods prescribed by the Internal Revenue Code to calculate the current year's depreciation expense.

NOTE 4: SHARE CAPITAL

	31-Mar-15	31-Mar-14
	US \$	US \$
Authorised		
10,00,000 (10,00,000) Equity shares of \$ 1/- each fully paid up	1,000,000	1,000,000
Issued, Subscribed and Paid-up		
10,00,000 (10,00,000) Equity shares of \$ 1/- each fully paid up	1,000,000	1,000,000
TOTAL	1,000,000	1,000,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

	31-Mar-15		31-Mar-14	
	Nos.	US \$	Nos.	US \$
At the beginning of the period	1,000,000	1,000,000	500,000	500,000
Issued during the period			500,000	500,000
Outstanding at the end of the period	1,000,000	1,000,000	1,000,000	1,000,000

b. Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of \$ 1/- per share. Each holder of equity shares is entitled to one vote per share.

During the year ended 31st March 2015, the amount of per share dividend recognized as distributions to equity shareholders is \$ NIL (31st March 2014 : \$ NIL)

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding/ultimate holding company and/or their subsidiaries/associates.

	31-Mar-15	31-Mar-14
	US \$	US \$
NSE.IT Limited, the holding company		
10,00,000 (31 March 2014 : 10,00,000) equity shares of \$ 1/- each fully paid	1,000,000	1,000,000

d. Details of shareholders holding more than 5% in the Company

	31-Mar-15		31-Mar-14	
	Nos.	%	Nos.	%
Equity shares of \$ 1/- each fully paid				
NSE.IT Limited, the holding company	1,000,000	100%	1,000,000	100%

As per records of the company, the above shareholding represents both legal and beneficial ownership of shares.

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NOTE 5: RESERVES & SURPLUS

General Reserve

Balance as per last financial statement
 Add : amount transferred from the surplus/(deficit) balance in the statement of profit & loss

	31-Mar-15 US \$	31-Mar-14 US \$
	(1,020,124)	(925,583)
	57,733	(94,541)
TOTAL	(962,391)	(1,020,124)

NOTE 6 : TRADE PAYABLE AND OTHER CURRENT LIABILITIES

Trade payables

Other Current Liabilities

Advance received from customers
 Liability for Expenses
 Government Dues (Payroll Tax)

	31-Mar-15 US \$	31-Mar-14 US \$
	626,846	847,146
	626,846	847,146
	100	100
	2,049	8,183
	1,602	-
	3,751	8,283

NOTE 7 : PROVISIONS

Provision for Employee benefits

Other Provisions

Provision for outstanding expenses
 Provision for taxes

	Short Term	
	31-Mar-15 US \$	31-Mar-14 US \$
	-	-
	-	-
	108,437	9,178
	5,250	5,250
	113,687	14,428
	113,687	14,428

NOTE 8 : LOANS AND ADVANCES

a. **Security Deposits**
 (Unsecured, considered good)

b. **Loans and advances to related parties**

c. **Other loans and advances**
 (unsecured, considered good)

Advance Income Tax
 Advance to creditors

(a + b + c)

	Non-current		Current	
	31-Mar-15 US \$	31-Mar-14 US \$	31-Mar-15 US \$	31-Mar-14 US \$
	3,622	3,500	-	-
	-	-	-	-
	-	-	390	390
	-	-	140	-
	-	-	530	390
	3,622	3,500	530	390

NOTE 9 : TRADE RECEIVABLES

Trade receivables

Unsecured, Considered good

Outstanding for a period exceeding six months
 from the date they are due for payment

Other receivables

	Current	
	31-Mar-15 US \$	31-Mar-14 US \$
	166,216	-
	88,967	345,112
	255,183	345,112

NOTE 10 : OTHER ASSETS

Prepaid Expenses

Unbilled Revenue

	Current	
	31-Mar-15 US \$	31-Mar-14 US \$
	5,700	-
	123,047	2,725
	128,747	2,725

NOTE 12 : CASH AND BANK BALANCES

Cash and Cash Equivalent

Balances with banks

	Current	
	31-Mar-15 US \$	31-Mar-14 US \$
	393,811	498,006
	393,811	498,006

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Schedule 11 : Fixed Assets

(All figures in US \$)

Sl No.	Category	GROSS BLOCK				DEPRECIATION/AMORTIZATION				NET BLOCK	
		As on 1-Apr-14	Additions	Deductions	As on 31-Mar-15	As on 1-Apr-14	For the Year	Deductions	As on 31-Mar-15	As on 31-Mar-15	As on 31-Mar-14
	<u>Tangible Assets</u>										
1	Computer Hardware	4,561	-		4,561	4,561	-	-	4,561	-	-
2	Office Equipment	245	-		245	245	-	-	245	-	-
3	Furniture & Fixtures	775	-	-	775	775	-	-	775	-	-
	GRAND TOTAL	5,581	-	-	5,581	5,581	-	-	5,581	-	-
	PREVIOUS YEAR	5,581		-	5,581	5,581		-	5,581	-	-

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NOTE 13 : REVENUE FROM OPERATIONS

Software Application Development
E-Learning Solutions

	31-Mar-15	31-Mar-14
	US \$	US \$
	1,673,226	1,500,565
	18,841	4,425
	<u>1,692,067</u>	<u>1,504,990</u>

NOTE 14 : OTHER INCOME

Interest income
Interest on Balances with Bank
Other non-operating income
Miscellaneous Income

	31-Mar-15	31-Mar-14
	US \$	US \$
	20	113
	4,501	-
	<u>4,521</u>	<u>113</u>

NOTE 15 : EMPLOYEE BENEFITS EXPENSES

Salaries & Allowances
Company's contribution to Employee's retirement plan
Company's Contribution to Payroll Tax

	31-Mar-15	31-Mar-14
	US \$	US \$
	191,890	320,720
	5,757	8,298
	16,028	30,928
	<u>213,675</u>	<u>359,946</u>

NOTE 16 : OTHER EXPENSES

Technical & Sub Contract Charges
Professional Fees
Insurance
Travelling expenses
Bad Debts Written Off
Rent
Conveyance
Fess & Subscription
Entertainment Expenses
Telephone & Internet Expenses
Power and fuel
Miscellaneous expenses

	31-Mar-15	31-Mar-14
	US \$	US \$
	1,353,653	1,144,086
	18,009	9,546
	11,378	28,186
	7,153	14,754
	-	2,288
	18,056	18,879
	2,549	7,495
	207	-
	513	3,477
	4,001	5,125
	1,538	1,114
	5,657	2,748
	<u>1,422,714</u>	<u>1,237,698</u>

NOTE 17 : Tax expense

(a) Current Tax
Short / Excess Provision for taxes (net)

	31-Mar-15	31-Mar-14
	US \$	US \$
	2,000	2,000
	466	-
	<u>2,466</u>	<u>2,000</u>

NOTE 18 : Regrouping

The previous year figures are regrouped, reclassified and rearranged, wherever necessary

